



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

September 30, 2013

Altoona, PA Originating and Destinating Mail Consolidation

Report Number NO-AR-13-010

BACKGROUND:

This audit report responds to a request from Senator Robert P. Casey, Jr. of Pennsylvania. The objective was to assess the consolidation of mail processing operations from the Altoona, PA Processing and Distribution Facility into the Johnstown, PA Processing and Distribution Facility.

We also assessed compliance with established Area Mail Processing (AMP) guidelines. Both facilities are in the Western Pennsylvania District of the Eastern Area. The Altoona Processing and Distribution Facility originating consolidation occurred in August 2012, and a portion of the destinating mail was consolidated in July 2013.

WHAT THE OIG FOUND:

A business case exists to support the consolidation, which should produce a cost savings of about \$301,000 in the first year and \$579,000 annually in subsequent years.

Our analysis indicated adequate machine capacity and floor space exists to process mail at the Johnstown Processing and Distribution Facility; customer service has not been significantly impacted by the consolidation; delayed mail declined after the consolidation; no employees lost their job; overall efficiency at the Johnstown Processing and Distribution

Facility improved; and established AMP guidelines were generally followed.

We found the AMP overstated savings by \$89,326 for the first year due to a one-time cost overestimate. In addition, the AMP savings was overstated by \$138,839 in subsequent years due to additional transportation costs and unrealized maintenance savings. Finally, AMP guidelines were followed, but some procedures were not completed in a timely manner. Not meeting the timeline did not adversely affect the consolidation process.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Network Operations, direct the manager, Area Mail Processing and Facility Consolidations, reevaluate maintenance savings and make adjustments to the AMP proposal in the first Post-Implementation Review.